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Ex-CIA-agent tells court of checks from Rewald firm

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Honolulu, Hawaii — Jack Kindschi received more than \$3,000 from the Bishop, Baldwin, Rewald, Dillingham & Wong investment firm while still working for the CIA as head of the Honolulu field office, it was disclosed in testimony here.

The Wisconsin native, who went to work as a consultant for former Milwaukeean Ronald Rewald after retiring from the CIA in 1980, was called to testify in Rewald's trial in Federal Court here.

Rewald, who founded the investment firm, is on trial on 98 counts of fraud, perjury and tax evasion. The firm was declared bankrupt in September 1983 after taking in \$22 million from 400 investors over its five-year life.

Little of the money has been recovered, and prosecutors allege that Rewald may have spent most of it. Rewald says he was working for the CIA and claims that the agency promised to support the firm and shield it from scrutiny.

Kindschi testified during direct examination by Asst. US Atty. John Peyton that he had received no money from Rewald until 1981. Then, Kindschi said, he began receiving a \$1,000-per-month "draw" from a \$48,000 investment he had made in Rewald's sporting-goods business. In March 1981, Kindschi joined the investment firm as a consultant and began to get a salary, he said.

Deputy Federal Public Defender Brian Tamanaha, Rewald's lawyer, produced a series of the investment firm's canceled checks, however, which showed that Kindschi was paid about \$11,000 before he actually joined Rewald's company. That included a \$3,000 check from Interpacific Sports and \$120 that Rewald gave him for analyzing some rare coins.

Kindschi said he had depended on his records when he first estimated that he did not start getting the \$1,000 sporting-goods payments until 1981.

Tamanaha is using the apparent contradiction in an attempt to discredit Kindschi's testimony and raise

a question in jurors' minds about whether Kindschi would lie in the name of national security.

During questioning by Tamanaha, Kindschi said he would not lie when asked about the CIA, but instead would refuse to answer a question.

But later, Kindschi conceded that there were circumstances in which, in the name of national security, he would tell a "creative story." For instance, he said, if he were a government agent on a hijacked plane, he would quickly "become a farmer or a schoolteacher."

Tamanaha is expected to continue questioning Kindschi when the trial resumes Tuesday.